



Gaming Commission

January 13, 2015

Unidentified Male: New York State Racing Pari-Mutuel Wage and Breeding Law, Section 109-A provides that the gaming facility location board shall consist of five members appointed by the New York State Gaming Commission. Five members having been appointed by the commission affords the board ability to establish a quorum and undertake action. This present meeting of the board is now called to order. Establishments of a quorum requires three members to be present. Please indicate your presence when your name is called: Paul Francis—present, Denis Glazier [PH]—present, Kevin Law [PH]—present, Stewart Rebinouis [PH]—present, William Thompson [PH]—present. Kevin Law.

Unidentified Male: Thank you Rus [PH]. The first order of business is the minutes of December 17, 2014, motioned by Denis, seconded by Stew—any comments, revisions, additions to the minutes? All in favor...

All: I.

Unidentified Male: The minutes are approved. Next is the consideration of the Gaming Facility Location Board's final draft report and evaluation. Like many of you, I'm still going through it. It's in lengthy detail. I want to make sure that it reflects my thoughts and views and deliberations just as I'm sure you guys do. I'm not prepared to take action on this tonight. I think we punt it over for a couple of weeks until we all have a chance to review it, like we've been reviewing every piece of information that's been coming out way over the last several months. Are you guys fine with that?

Unidentified Male: I agree with that.

Unidentified Male: I think I've seen enough to know that the staff has done an outstanding job and deserve our gratitude for the work they've done and the time they've put in. We certainly made comments and from what I've seen the drafts all reflect those comments. Rob and his staff have done a spectacular job on the draft report.

Unidentified Male: I agree completely, but since we have to sign our names to it, we have to have enough time to go through it and digest it.

Unidentified Male: Absolutely.

Unidentified Male: Definitely. This is...we do need to get it right and make sure it's reflective of processes and our views. So definitely. The only think I would recommend is that we all encourage staff and we realize and appreciate the work you guys have put in. It really has been a lot of work just

to get us to this point. But we also need, as I said... that the chairman has indicated he'd like to get two to two and a half weeks. I think that's important also.

Unidentified Male: This is a new draft?

Unidentified Male: Yes, it is.

Kevin: While we do this, _____ [00:02:40]. We'll just...we'll pick this up at our next meeting—yet to be scheduled.

We'll move onto item three... actually item four, which is the discussion regarding a new _____ [00:02:58]. I have some opening comments _____ [00:03:06] today. So, I am going to give you my own views and then I'll open it up to my colleague. First, _____ [00:03:17] we stand by the recommendations that we previously made and have no intention of changing it. No mistakes were made by this board. If any mistakes were made, perhaps it was in the legislations that defined eligible regions or in the applications themselves. This was a competition. There are always going to be winners and losers. This is not modern day little league where everybody goes home with a trophy. We wish we could help more communities, but we're only able to pick up to four. Contrary to some of the political chest pounding going on, we did consider and review every application and did not make our decisions until the end of the process and included in the decision not to make any award in Orange County.

We have already decided two casinos in Catskills did not make economic sense and that the Orange County applications either had deficiencies or would hurt the chances in the Catskills. The one is Ulster just didn't make it on the merits. That decision I think should also stand. We already decided two casinos in the capital region did not make economic sense and I think that decision should also stand. We never said though two casinos in the Finger Lakes in the southern tier could not work. We simply said and thought that Lago was the strongest application of the three received, and thus I think that decision of Lago should stand as well.

Again, I believe that if the Upstate Gaming Act legislation had simply split the Finger Lakes and the southern tier into two separate regions and we were directed to pick one casino in each of the regions that might have worked. We are not in receipt of a letter from the governor asking us to consider granting the fourth and final upstate casino in the southern tier. I think the letter said the final casino in New York State, but I think it was the final casino in upstate New York.

Kevin: Since there are three, supposedly, coming or at least eligible in seven years downstate.

Unidentified Male: Right, right. I am sympathetic to the economic struggles faced in the southern tier region. Personally, again as you may, I do not see any harm in directing staff to reissue a request for applications for this region. If private individuals and private companies are willing to invest their own money—not taxpayer dollars—in a casino resort and believe they can make a decent return on investment, I am open-minded in exploring that possibility. What I am not open-minded about is simply recommending the same exact applications we've already passed on. Thus, there would have to be modifications to them if they were so inclined to rebid. I think competition is healthy. So, let's see what else may...and who else may want to propose a casino in the region. Perhaps one of the bidders who did not prevail in the prior round might be interested in participating separately or with co-venturing

with the others. That could be interesting. Let's see what happens.

Those are my views and I'm curious and interested to hear the views of my colleagues. Stew.

Stewart: I agree with everything Kevin says. I would only add a couple of clarifying points. As we made clear from the very outset, it was not up to our board to make a decision as to whether casinos were sound economic development tools. That wasn't our job. Some of us don't think they are. And some of us put those...and all of us put those beliefs away and did our very, very best to apply the statutory criteria. I can say that if it were up to me, that I think it's a good idea to reopen the bidding for the southern tier. I think we did the best job we could. As Kevin said, if there was any fault it was in the drafting of the statute—not that that's an easy thing to do and you can never really foresee all the issues that will come up. But again, as I said at the press conferences on December 17th, I think that the elected officials have the final say in all of this. If the elected officials wanted to say go award one now, to the southern tier without anything else, it would be our job to do that. But, that's not what the governor said. What the governor said was he wanted to encourage competition, national competition. And, whether we believe that's...we would have done that or not, that's our job if we're staying on this board.

I agree with Kevin's analysis. I would add that I'd be very troubled, very troubled—I'm not predicting an outcome—if there was not competition in the southern tier, just personally, for another proposal because every region that we looked at we looked at comparative analysis between various proposals. I think it's not impossible, but it would be much more problematic if there are no new proposals so there's a competition in the southern tier. I would echo Kevin's words in encouraging developers who may have not gotten in another region or are now thinking about coming in to make this a competition in the southern tier. But, I go along with...I'm in favor of Kevin's point that we should issue a new RFP for the southern tier, as the governor wants us to. It's obvious the elected governor of the state wants us to. So, we should do that and see what it brings.

Unidentified Male: I agree with the points as well, but to be absolutely clear, the choices are between zero and one.

Unidentified Male: Yes.

Unidentified Male: Zero is a possible outcome.

Unidentified Male: Absolutely.

Unidentified Male: And, it should be made clear that the bids we got in the past, other than Lago, we found insufficient.

Unidentified Male: Correct.

Unidentified Male: So those bids, any of such bids, have to be improved.

Unidentified Male: Enhanced.

Unidentified Male: Enhanced, and hopefully there will be multiple bids to choose from. But it should

be made clear that a recommendation of no additional licenses is a possibility.

Unidentified Male: I agree. And when our report comes out, there will be an in-depth discussion about why we chose some and why we decided that others were not to be recommended. Bill.

Bill: Yeah, let me go back. When we announced our decisions, I stood there that day and said how much I enjoy working with this group.

Unidentified Male: I hope that's still true.

[Talking over each other.]

Bill: We went through, as a group, a very thoughtful and deliberative process—one that looked and did... For a group of people who had never worked together before, I thought we did an excellent job. We all brought our own strengths to the table. We benefited from each other's strengths, and I thought we came out with very strong recommendations. We did... We looked at the legislation. We honored that in so many ways. And, we did what we felt was best for long-term economic health in different regions in the state of New York. That's what we did. I'm proud of the work that we did.

It has been criticized in some places. When you're in a process that has winners and losers you expect that. Throughout my career I've been criticized. It won't be the last time. But, the work that we did is good work. I think that one thing, when the report comes out in the next two and a half weeks, when it is final, people will be able to see that. The reason it isn't out yet is because of how much work went into it and how much we considered. So, I am very proud. I think it honored the legislation. I think it was in the best interest of regions across the state of New York. As I said, I'm proud of that work.

The governor asked us to take a look at the southern tier, at the possibility of another casino. I'm happy to honor the governor request and to do that also. But again, let me echo what my colleagues have just said. We are not going to look at things that have been there before and rubber stamp that. We are looking for the best. We are looking for not just new and improved. We're looking for the best. I am hoping for a competition also in the southern tier. I think it is important. As I said, we took a look and we came up with the best in other regions. We're looking for the best here again.

So, the process that we're going to go through...I mean, one of the things I think we should all do is ask for our salaries to be doubled for this. I think everybody would be happy to take our zero and double it—double zero.

Unidentified Male: Triple it.

Bill: Triple it, okay. Thank you. I appreciate that. But, I'm happy to be able to look. The governor asked us to be able to go through a new abbreviated process hopefully that is nationwide in scope. And, hopefully we get the best. So again, I'm looking forward to _____ [00:13:32], but looking forward to working with my colleagues again on this process.

[Background comments]

Unidentified Male: I agree with much of what's been said here. I do think that in response to the

governor's request and the fact that _____ [00:13:47] that opening up the process to the possibility of a fourth casino in the southern tier makes sense. I think that is the place to focus it. I think that our final report and any subsequent communication with bidders _____ [00:14:05] will help to identify some of the _____ [00:14:08] proposals that came in on the southern tier. I hope we'll have a competition and that we'll be able to find a proposal in the southern tier that appeases the objectives the governor described. If it does, we will be happy to approve it. If it does not, as Denis said, we're under no obligation to issue a license and recommend a license if we don't think that standard has been met.

[Talking over each other.]

Unidentified Male: Just so we're all clear, we are unanimous in our belief that the capital region will not be reopened. The Catskills, _____ [00:14:54] will not be reopened. Our decision in the Finger Lakes region will not be reopened. All we are entertaining here tonight is the reopening of a new bid for that southern tier region. I will say that in the form of a motion. Is there a second?

Denis: Second.

Unidentified Male: By Denis. Any comments, revisions, or additions to that motion? All in favor of directing staff to approve to prepare a new RFA for our consideration and further approval, say I.

All: I.

Unidentified Male: Any opposed? The motion carries. Thank you. Next item on the agenda is old business. Do we have any old business?

Unidentified Male: No.

Unidentified Male: Okay. In terms of new business, I'd like to make a motion to enter into executive session for the expressed purpose of discussion regarding proposed pending or current litigation. _____ [00:15:58] Denis, seconded by Bill.

Unidentified Male: Second.

Unidentified Male: All in favor of the motion of going into executive session, I.

All: I.

Unidentified Male: All opposed? The motion carries. We will go into executive session. Folks that are coming here, there will be no further business when we come out of executive session. So, no reason for you to hang around when we come out of executive session. We now will go into executive session. So, we'll ask the public and...other than staff, to please leave the offices here.

[Blank audio from 00:16:28 to 00:16:34]

Unidentified Male: Okay, we're back in session. Do you want to open it up?

[Background comments]

Unidentified Male: We have returned from executive session. Please have the record reflect that the executive session was limited to discussions regarding the proposed pending or current litigation. No other business. I entertained a motion to adjourn by Denis, seconded by Paul. All in favor...

All: I.

Unidentified Male: The meeting is adjourned. The next meeting date, yet to be determined, will be scheduled.

Unidentified Male: Thank you Mr. Chairman.

Unidentified Male: Thank you Mr. Chairman.

Unidentified Male: Thank you.

00:17:12 END OF TAPE